PROVINCE OF SASKATCHEWAN

2009

ANNUAL REPORT

SASKATCHEWAN LIQUOR BOARD
SUPERANNUATION COMMISSION

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This annual report is available in electronic format at **www.peba.gov.sk.ca**

Letters of Transmittal

His Honour, The Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

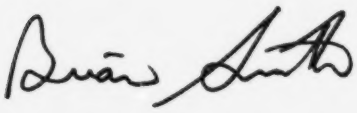
I respectfully submit the Annual Report of the Saskatchewan Liquor Board Superannuation Commission for the year ending December 31, 2009.

Christine Tell
Minister Responsible for the Saskatchewan Liquor and Gaming Authority

The Honourable Christine Tell
Minister Responsible for the Saskatchewan Liquor and Gaming Authority

Madam:

On behalf of the Saskatchewan Liquor Board Superannuation Commission, I have the honour of submitting the Annual Report of the Saskatchewan Liquor Board Superannuation Commission for the year ending December 31, 2009, pursuant to the provisions of Section 54 of *The Liquor Board Superannuation Act.*



Brian Smith
Chair
Saskatchewan Liquor Board Superannuation Commission

Chair's Comments

It is my privilege to chair the Saskatchewan Liquor Board Superannuation Commission.

This annual report provides information on the 2009 business plan activities and accomplishments, and the Plan's future objectives and goals.

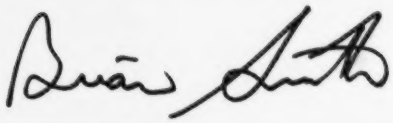
In 2009, the Commission adopted a new multi-year business plan with stated goals through to 2014. Included in the new plan are initiatives and activities in Service Design, Delivery and Communications, Plan Governance, Accountability and Risk Management. These goals and reporting of their results allow the Commission to establish a clear direction for the future of the Plan.

The Liquor Board Superannuation Fund (the Fund) posted a 13 per cent return in 2009, outperforming its benchmark. One of the Fund's objectives is to achieve a return that is equal to or greater than the benchmark portfolio.

The Commission reviews the Fund's performance in terms of the benchmark portfolio over a rolling four-year period. The Commission also reviews investment manager performance against the objectives set for each manager's portfolio.

Information on the Plan's Investments, Investment Objectives and Fund Performance is provided in this report.

On behalf of the Saskatchewan Liquor Board Superannuation Commission, I am pleased to present the 2009 Annual Report of the Saskatchewan Liquor Board Superannuation Commission.



Brian Smith
Chair

Introduction

The Liquor Board Superannuation Plan (the Plan) is a defined benefit pension plan for employees of the Saskatchewan Liquor and Gaming Authority. The Plan has been closed to new members since October 1, 1977. Provisions of the Plan are set out in *The Liquor Board Superannuation Act* (the Act) and *The Superannuation (Supplementary Provisions) Act.*

The Act establishes the Liquor Board Superannuation Commission (the Commission) as being responsible for administration of the Plan. While the Minister of Finance is the trustee of the Liquor Board Superannuation Fund, the Minister has delegated investment responsibilities to the Commission.

The primary purpose of the Plan is to provide pension benefits to employees in the event of retirement and secondarily in the event of termination of employment. The Plan provides benefits to the dependents of employees and superannuates in the event of death either before or after retirement. The Commission, which consists of three members appointed by the Lieutenant Governor in Council, is responsible for the administration of the Act. *Table 1.1* shows the Commission members as at December 31, 2009.

Mission

The Commission's mission as the Plan's administrator is to manage the Plan solely in the best interests of the members.

Liquor Board Superannuation Commission Members	
Brian Smith	Chair
Barry Lacey	Member
Randy Werner	Member

Table 1.1

Administration

The Plan is managed by the Public Employees Benefits Agency (PEBA). PEBA is part of the Ministry of Finance, Government of Saskatchewan, and administers a wide range of pension and benefits plans.

Administration of the Liquor Board Superannuation Plan is carried out in conjunction with similar plans administered by PEBA. Changes to administrative processes will continue to be evaluated with the intent of identifying opportunities for improving customer service and becoming more responsive to the needs of the Commission and the membership.

The Commission retains Hewitt Associates as an investment consultant and Greystone Managed Investments as an investment manager.

Table 1.2 shows the number of active and retired employees in the Plan as of the most recent and 2008 year-ends.

Active and Retired Employees		
	December 31, 2009	**December 31, 2008**
Active Employees	29	34
Inactive Members	3	4
Retired Employees*	205	204
Totals	**237**	**242**

*Includes Superannuates, plus their dependents now in receipt of a survivor pension.

Table 1.2

Initiatives

In 2009, the Commission adopted its multi-year Business Plan to achieve its stated goals through to 2014.

The Business Plan allows the Commission to focus on making key decisions that set a clear direction for the future of the Plan. Annual results are used to assess overall progress toward goals and initiatives and to adjust future plans and activities. Regular reporting allows the Commission to make necessary changes to resource allocations.

The Business Plan sets out initiatives and activities for the planning period within four business goals:

1. **Service Delivery, Design and Communications:**
Plan members have access to information needed to make the decisions they make within the Plan.

2. **Plan Governance:**
The Commission's governance processes ensure the Commission has the information needed to provide effective oversight of the Plan.

3. **Accountability:**
The activities of the Commission and its service providers are reported.

4. **Risk Management:**
Risks facing the Plan are identified and effective strategies are employed to manage those risks.

The initiatives used to support these goals and the associated objectives, generally, are not time bound. Rather, they are initiatives that are required to be undertaken on an ongoing basis.

Initiatives

1. Service Delivery, Design and Communications

Plan members have access to information needed to make the decisions they make within the Plan.

The focus of the service delivery in the short term will be primarily on the remaining active members of the Plan until such time as all or substantially all of the active members have retired. The primary focus will then shift to service delivery to retired members.

Service Delivery, Design and Communications Activities

Objective

- Plan members have access to the information they require to make the decisions about their retirement.

Activities accomplished in 2009

- At the Commission's November 2009 meeting, PEBA provided a report to the Commission that confirmed PEBA is able to provide services, within the service standards set by the Commission, over the next five years.
- Retire*With*Ease, the Plan's retirement planning session, is available to all members of the Plans that PEBA administers. These sessions are schedule throughout the year and at various Saskatchewan locations. The schedule, locations and information materials are available on the website.
- Members and employers have access to Plan information via the website, PEBA administration staff, Plan overview sessions and the Retire*With*Ease sessions. Information includes the member booklet, InfoSheet publications, annual reports, Statement of Investment Policies and Goals (SIP&G), Employer Administration Guide, information sheets and online pension-related articles.
- The annual member statements were issued on May 29, 2009.

Activities Planned Through to 2014

- Continued review, monitoring and reporting of the ongoing activities related to service delivery, design and communications. These ongoing activities include the continued delivery of Retire*With*Ease sessions, Plan overview sessions and member and employer communication materials.

Initiatives

2. Plan Governance

The Commission's governance processes ensure the Commission has the information needed to provide effective oversight of the Plan. The Commission has developed its governance practices and policies in recent years and will continue to implement and maintain its governance program.

Plan Governance Activities

Objectives

- The Commission has required information.
- The governance model is appropriate.

Activities accomplished in 2009

- The Commission approved the Business Plan for the period 2010 to 2014 at its March 2009 meeting.
- The Commission approved its updated Governance Manual at its October 2009 meeting. The substantive updates included the addition of a listing of the information that the Commission receives and the rules and procedures for acting on that information, the Chairperson's responsibilities and duties, and an updated complaint process.
- The Commission reviewed and signed its Code of Conduct and Conflict of Interest Procedures at its October 2009 meeting.
- The Commission reviewed and approved the Governance Self-Assessment Questionnaire at its November 2009 meeting. This questionnaire is available on the website.
- The Commission received the PEBA Quarterly Administration Report.

Activities Planned Through to 2014

- Provide the Minister responsible for the Saskatchewan Liquor and Gaming Authority with a recommendation indicating that it is appropriate to undertake a review of the governance model for the Plan.
- Continued review, monitoring and reporting of the ongoing activities related to Plan Governance. These ongoing activities include the quarterly administration reporting process, annual review of the Governance Manual, annual review and signing of the Code of Conduct and Conflict of Interest Procedures, and annual self-assessment process.

Initiatives

3. Accountability

The activities of the Commission and its service providers are reported.

Effective plan management requires a strong focus on accountability, the basis of which is the establishment of measurable objectives and the monitoring of progress against these objectives. To ensure accountability, the reporting of results is critical.

The Commission has established administration service standards and a SIP&G for the Fund.

Accountability Activities

Objective

- The Commission reports its results to stakeholders.

Activities accomplished in 2009

- The Liquor Board Superannuation Commission Annual Report for the period ending December 31, 2008 was tabled with the Legislative Assembly of Saskatchewan on April 29, 2009. The Annual Report included enhancements as identified and approved by the Commission. The Annual Report is available on the website.
- The PEBA Quarterly Administration Report provides the Commission with quarterly service standard performance reporting.
- The Commission approved the Plan's SIP&G at its meeting in March 2009. The SIP&G is available on the website.
- The Governance Self-Assessment Questionnaire is available on the website.

Activities Planned Through to 2014

- Continued review, monitoring and reporting of the ongoing activities related to accountability. These ongoing activities include the review and identification of enhancements to the Plan's website and Annual Report.

Initiatives

4. Risk Management

The risks facing the Plan are identified; effective strategies are employed to manage those risks.

Effective governance requires a strong focus on risk management, the basis of which is the identification and quantification of risks and the development and implementation of effective strategies to manage the risks.

The Commission has established an annual risk management planning process. This includes the identification of risks and the development and implementation of strategies to manage the risks. The Commission also annually reviews the results of its risk management process.

Risk Management Activities

Activities accomplished in 2009

- The Commission approved its 2008 Risk Management Review and 2009 Risk Management Plan at the meeting in March 2009.
- At the meeting in October 2009, the Commission received confirmation that its service providers maintain a regularly reviewed Business Continuance Plan and abide by a Conflict of Interest Policy.
- PEBA filed its Disaster Recovery Plan and Business Continuance Plan with the Commission's Executive Secretary in December 2009.

Activities Planned Through to 2014

- Continued review, monitoring and reporting of the annual risk management planning process.

Plan Expenditures and Statistics

Benefit Payments

During the Plan year, benefit payments are made in accordance with the Plan rules due to retirement of employees, termination of employment and death benefits - either due to death of an employee or a superannuate.

Tables 1.3, 1.4 and *1.5* show all the individuals who retired during the year, organized by retirement type. Detailed listings of all transactions are included at the end of the report.

Contributions to the Plan

In accordance with the contribution schedules outlined above, employee contributions to the Plan during the year totaled $90,371 compared to $133,493 for the previous plan year.

Retirement Summary		
	December 31, 2009	**December 31, 2008**
Attained Age 65	-	-
Attained Age 60 - No Reduction	1	1
Attained 35 Years of Service	3	7
Age 55 and 30 Years Service - Reduced Pension	1	1
Ill Health Pensions	-	-
Deferred Allowances now Payable	1	-
Early Retirement Allowances	-	-
Totals	6	9

Table 1.3

Death Benefit Summary		
	December 31, 2009	**December 31, 2008**
Employee Survivor Pension	-	-
Employee Cash Benefit	-	-
Superannuate Survivor Pension	3	4
Superannuate Cash Benefit	-	-
Totals	3	4

Table 1.4

Termination of Employment Summary		
	December 31, 2009	**December 31, 2008**
Deferred Pension	-	-
Cash Refund	-	-
Totals	-	-

Table 1.5

Investment Performance

The Liquor Board Superannuation Commission is responsible for holding in trust and investing the monies in the Plan. The Commission has retained Greystone Managed Investments Inc. to be the investment manager.

The investment manager makes the day-to-day decision of whether to buy or sell specific investments in order to achieve the long-term investment performances set out by the Commission in the SIP&G for the Liquor Board Superannuation Fund (Fund). It is against these long-term investment performance objectives that the Commission assesses the performance of the investment manager.

Benchmark Portfolio

Asset Class	Market Index	Weight
Canadian	S&P/TSX Composite CPMS CAP 10 Index	22%
US	S&P 500 US Stock Index	14%
Non-North American	MSCI EAFE Index	14%
Fixed Income Bonds	DEX Universe Bond Index	45%
Short-term Investments	DEX 91 Day Canadian Treasury Bill	5%
Total		**100%**

Table 1.6

The Fund's long-term investment performance objective is to achieve a real rate of return of 3.75% and to outperform the benchmark on a rolling four-year basis. The performance history of the Fund as of December 31, 2009 is in Table 1.7:

Performance History

	1-Year Return	Rolling 4 Year Average
Fund's Return	13.0%	2.8%
Benchmark Return	12.8%	2.9%

Table 1.7

Cash Flow Forecast

The total cash inflow is the amount of employee and employer contributions expected to be received by the pension plan together with interest on investments of 6.00%. The total cash outflows are the amounts that are required to pay all pension obligations. Forecast of cash flows have been determined using the long-term assumptions set out in *Table 1.8*.

Long-term Assumptions

Factor	Current Year Assumptions	Prior Year Assumptions
Discount Rate	5.80%	7.50%
Interest Rate	6.00%	6.25%
Inflation	2.50%	2.50%
Salary Escalation	3.50%	3.50%

Table 1.8

The actuarial valuations prepared by AON Consulting Inc., also take into consideration mortality under the Plan, which is reflected in the Net Cash Flow Forecasts shown in *Table 1.9*. For the current valuation the mortality tables have been updated and reflect the most recent mortality studies (Mortality Table UPM1994 Projected to 2018).

Cash Flow Forecast

Year	Net Cash Outflows (000's)
2010	$158
2011	$224
2012	$273
2013	$306
2014	$299
Total next 5 Years	$1,260
Total 5-10 Years	$1,418
Total 11-30 Years	$4,892

Table 1.9

Retirement Details			
Name	**Position**	**Last Monthly Salary**	**Age**
Employees Retired Having Attained the Age of Retirement - Age 65			
None			
Employees Retired at Their Option After Age 60 with 20 Years Service			
PRIMEAU, Darryl	Assistant Store Manager	$4,292.73	64
Employees Retired at Their Option with 35 Years Service			
BAIRD, Darrell	Regional Director	$8,036.99	56
SCHERLE, Dave	Assistant Warehouse Manager	$4,292.73	54
SLIND, Blair	Store Manager	$6,815.99	54
Employees Retired After Age 55 with Minimum 30 Years Service - Reduced			
CANTIN, Kenneth	Store Manager	$5,943.11	57
Deferred Pension Now Payable			
RITSCO, Raymond	Vice President, Finance and Information Systems	$6,374.00	61

Table 1.10

Management's Report

To the Members of the Legislative Assembly of Saskatchewan

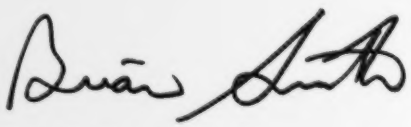
Administration of the Plan is presently assigned to the Public Employees Benefits Agency of the Ministry of Finance. Management is responsible for financial administration, administration of funds and managing of assets.

The financial statements which follow have been prepared by management in conformity with Canadian generally accepted accounting principles. Management uses internal controls and exercises its best judgment in order that the financial statements fairly reflect the financial position of the Plan.

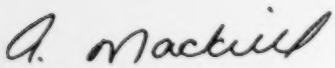
The Saskatchewan Liquor Board Superannuation Commission reviews and approves the financial statements. In doing so, the Commission has had the opportunity to discuss the statements with management throughout the year.

The provision for annuity benefits and the accrued pension benefits are determined by an actuarial valuation. Actuarial valuation reports require best estimate assumptions about future events which require approval by management.

The financial statements have been audited by the Provincial Auditor whose report follows.



Brian Smith
Assistant Deputy Minister
Public Employees Benefits Agency



Ann Mackrill
Director, Pension Programs
Public Employees Benefits Agency

Kathy Deck, CGA
Director, Financial Services
Public Employees Benefits Agency

Regina, Saskatchewan
March 2, 2010

Actuaries' Opinion

AON Consulting Inc. was retained by the Liquor Board Superannuation Commission (the Commission) to perform an actuarial valuation of the accrued pension benefits of the Liquor Board Superannuation Plan (the Plan) on an accounting basis as at September 30, 2008. AON Consulting Inc. was further retained to extrapolate the results of this valuation to December 31, 2009.

The valuation and extrapolation were based on:

- Membership data provided by the Commission as at September 30, 2008;
- Asset data provided by the Commission as at December 31, 2009;
- Methods prescribed by The Canadian Institute of Chartered Accountants for pension plan financial statement; and
- Assumptions about future events (economic and demographic), which were developed by management and AON Consulting Inc., and are considered as management's best estimate of these events.

While the actuarial assumptions used to estimate the accrued pension benefits for the Plan's financial statements contained in the Annual Report represent management's best estimate of future events, and while in our opinion these assumptions are not unreasonable, the Plan's future experience will differ from the actuarial assumptions. Emerging experience differing from the assumptions will result in gains or losses that will be revealed in future valuations, and will affect the financial position of the Plan.

We have tested the data for reasonableness and consistency with prior valuations and in our opinion the data are sufficient and reliable for the purposes of the valuation and the extrapolation. Our opinions have been given and our valuation and extrapolation have been performed in accordance with accepted actuarial practice.

David R. Larsen, FSA, FCIA
AON Consulting Inc.

March 2, 2010

Liquor Board Superannuation Commission
Liquor Board Superannuation Plan

Financial Statements

Year Ended December 31, 2009

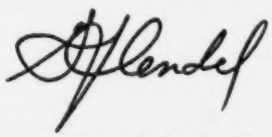
Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets available for benefits, accrued pension benefits and unfunded liability of the Liquor Board Superannuation Plan (Plan) as at December 31, 2009 and the statements of changes in net assets available for benefits, and changes in accrued pension benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits, accrued pension benefits and unfunded liability of the Plan as at December 31, 2009 and the changes in net assets available for benefits and changes in accrued pension benefits for the year then ended in accordance with Canadian generally accepted accounting principles.



Regina, Saskatchewan
March 2, 2010

Fred Wendel, CMA, CA
Provincial Auditor

Liquor Board Superannuation Commission

Statement 1

Liquor Board Superannuation Plan
Statement of Net Assets Available For Benefits, Accrued Pension Benefits And Unfunded Liability

As At December 31

ASSETS	2009 (000's)	2008 (000's)
Due from General Revenue Fund (Note 5)	$ 163	$ 28
Investments		
Pooled Funds (Note 3)	9,422	10,439
Receivables		
Employees' contributions	1	-
Employer's contributions	4	2
Other	-	2
Total assets	9,590	10,471
LIABILITIES		
Accounts payable and accrued liabilities	7	17
Total liabilities	7	17
NET ASSETS AVAILABLE FOR BENEFITS (Statement 2)	9,583	10,454
Accrued pension benefits (Statement 3)	54,205	45,845
Unfunded liability	$44,622	$ 35,391

(See accompanying notes to the financial statements)

Liquor Board Superannuation Plan
Statement of Changes in Net Assets Available for Benefits

Year Ended December 31

	2009 (000's)	2008 (000's)
INCREASE IN ASSETS		
Investment income		
Interest	$ -	$ 2
Pooled Funds	315	491
	315	493
Increase in market value of investments	875	-
Contributions		
Employees'	90	133
Employer's	1,304	597
Total increase in assets	2,584	1,223
DECREASE IN ASSETS		
Superannuation allowances	3,375	3,159
Decrease in market value of investments	-	2,407
Administration expenses (Note 9)	80	100
Total decrease in assets	3,455	5,666
Decrease in net assets	(871)	(4,443)
NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	10,454	14,897
NET ASSETS AVAILABLE FOR BENEFITS, end of year - to Statement 1	$ 9,583	$ 10,454

(See accompanying notes to the financial statements)

Liquor Board Superannuation Commission **Statement 3**

Liquor Board Superannuation Plan
Statement of Changes in Accrued Pension Benefits

Year Ended December 31

	2009 (000's)	2008 (000's)
ACCRUED PENSION BENEFITS, beginning of year	$ 45,845	$ 54,530
INCREASE IN ACCRUED PENSION BENEFITS		
Interest on accrued benefits	3,334	2,850
Benefits accrued	347	639
Net loss due to change in assumptions (Note 4)	7,858	-
Net experience loss (Note 4)	196	1,605
	11,735	5,094
DECREASE IN ACCRUED PENSION BENEFITS		
Benefits paid	3,375	3,159
Gain due to change in discount rate	-	10,620
	3,375	13,779
ACCRUED PENSION BENEFITS, end of year – to Statement 1	$ 54,205	$ 45,845

(See accompanying notes to the financial statements)

Liquor Board Superannuation Commission

Liquor Board Superannuation Plan
Notes to the Financial Statements

December 31, 2009

1. Description of the Plan

a) General

The Liquor Board Superannuation Plan is a defined benefit final average pension plan established under *The Liquor Board Superannuation Act* (Act). The Act also established the Liquor Board Superannuation Fund to account for all transactions of the Plan. Membership is comprised of employees of the Liquor and Gaming Authority (previously Liquor Board) who were enrolled on October 1, 1977 and who did not elect to transfer to the Public Employees Pension Plan prior to October 1, 1978. When a member of the Public Service Superannuation Plan or the Saskatchewan Power Corporation Superannuation Plan becomes an employee of the Liquor and Gaming Authority, the members' accumulated contributions and interest are transferred to the Liquor Board Superannuation Plan and the members are given credit for his/her full service under the former plan.

Complete Plan details are contained in the Act, *The Superannuation (Supplementary Provisions) Act* and The Superannuation Acts Uniform Regulations.

b) Administration

The Liquor Board Superannuation Commission administers the Plan. Day-to-day administration is provided by the Public Employees Benefits Agency.

c) Funding Policy

Members contribute at the rate of 7%, 8% or 9% of salary depending on their age at the date of commencement of employment. Contributions are reduced by an amount equal to deemed Canada Pension Plan contributions. The employer contributes a fixed percentage of the members' contributions as necessary to fund the benefits provided by the Plan. This rate is set periodically by the Commission on the advice of the Actuary.

d) Retirement

Normal retirement is at age 65. Employees may retire earlier under certain conditions.

e) Pensions

Annual pensions are calculated as 2% of a member's average salary during the five years of highest salary, multiplied by the total number of years of service to a maximum of 35. At age 65, members' pensions are reduced due to integration with the Canada Pension Plan. Pensions are indexed each April 1 based upon 70% of the year over year increase in the Consumer Price Index.

f) Income Tax

The Plan is a registered pension plan, as defined by the *Income Tax Act (Canada)* and accordingly, is not subject to income taxes. Allowances and refunds are subject to withholding taxes that are remitted to Canada Revenue Agency.

2. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant.

a) Investments

Pooled fund investments are valued at the unit value supplied by the pooled fund administrator, which represent the underlying net assets of the pooled fund at fair values determined using closing bid prices.

The change in the market value of investments during the year is reflected on the financial statements as a market value adjustment.

b) Investment Transactions and Income

Investment transactions are recorded on the trade date. Transactions conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the transaction date. Dividend income is recognized on the record date. Monetary items denominated in foreign currency are translated at the exchange rate in effect at year-end.

c) Future Accounting Policy Changes

The Accounting Standards Board of the Canadian Institute of Chartered Accountants has confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards (IFRS) effective for fiscal years beginning on or after January 1, 2011. Currently, pension plans will not be required to convert to IFRS completely. The Plan is monitoring the transition to IFRS and is assessing the impact that the adoption of IFRS will have on its financial statements.

3. Investments

The Plan limits its investments in pooled equity funds to 10% of the market value of each fund. Foreign equities including foreign pooled funds are limited to 40% of the cost of the investment portfolio and are denominated in Canadian dollars. The Plan's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager. The Plan's pooled funds are comprised of the following:

	Units Held		% of Total Units Outstanding		Market Value		Investment Income and Change in Market Value	
	2009	2008	2009	2008	2009	2008	2009	2008
	(000's)				(000's)		(000's)	
Greystone Fixed Income Fund	416	448	0.89	1.08	$ 4,232	$ 4,440	$ 352	$259
Greystone Canadian Equity Fund	105	122	0.13	0.19	2,301	2,148	561	(1,089)
Greystone EAFE Plus Fund	166	213	0.09	0.11	1,263	1,388	247	(676)
Greystone US Equity Fund	143	189	0.94	1.34	1,350	1,759	27	(451)
Greystone Money Market Fund	28	71	0.16	0.43	276	704	3	41
					$9,422	$10,439	$ 1,190	$(1,916)

The Greystone EAFE Plus Fund holds units in the Greystone EAFE Quantitative Fund and the Greystone EAFE Growth Fund. These funds may use derivative financial instruments such as foreign currency forward exchange contracts and future contracts for hedging foreign currency and replicating indexes.

Derivative financial instruments are financial contracts that change in value resulting from changes in underlying assets or indices. Derivatives transactions are conducted in over-the-counter markets directly between two counterparties or on regulated exchange markets. All derivative financial instruments are recorded at market value using market prices. Where market prices are not readily available, other valuation techniques are used to determine market value.

Fair Value

The Plan has classified its required fair valued financial instrument holdings using a hierarchy that reflects the significance of the inputs used in determining their measurements.

Under the classification structure, financial instruments recorded at unadjusted quoted prices in active markets for identical assets and liabilities are classified as Level 1. Instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly are classified as Level 2. Instruments valued using inputs that are not based on observable market data are classified as Level 3.

The Plan presently holds only financial instruments that are classified as Level 1.

4. Obligation for Accrued Pension Benefits

An actuarial valuation of the Liquor Board Superannuation Plan was performed as at September 30, 2008 and extrapolated to December 31, 2009 by Aon Consulting Inc. The actuary used the projected benefit method prorated on services to determine the actuarial present value of accrued pension benefits.

The pension liability is based on a number of assumptions about future events including: discount rate, rate of salary increase, mortality, retirement rates and inflation. The actual rates may vary significantly from the long-term assumptions used. There has been a change in the discount rate since the previous extrapolation. The discount rate is based on the yield on long-term high grade (AAA/AA) Canadian corporate bonds with cash flows that match the timing and amount of expected benefit payments. This yield has decreased from 7.50% to 5.80% resulting in an increase in the accrued pension benefits. In addition, the mortality improvements in the 1994 Uninsured Pensioner Mortality Table have been projected to 2018, as compared to 2015 for the previous extrapolation. This change also increased the accrued pension benefits.

Significant long-term actuarial assumptions used in determining the accrued pension benefits were:

	2009	2008
Salary escalation rate	3.50%	3.50%
Inflation rate	2.50%	2.50%
Discount rate	5.80%	7.50%
Mortality table	1994 UPM (Projected to 2018)	1994 UPM (Projected to 2015)
EARSL	1.4	1.4
Expected long-term rate of return	6.00%	6.25%

The following illustrates the effect of changing certain assumptions from assumed rates of: inflation 2.50%, salary 3.50% and discount rate 5.80%.

	Long-Term Assumptions					
	Inflation*		Salary		Discount Rate	
	3.5%	1.5%	4.5%	2.5%	6.80%	5.80%
(Decrease) increase in liability	(2.5%)	2.6%	0.1%	(0.1%)	(9.1%)	10.9%

* A change in the inflation rate of 1% has a corresponding change in the discount rate of 1%, in the salary scale of 1%.

The net experience loss is due to indexing at April 1, 2009 being greater than expected.

If there are insufficient monies in the Fund to pay allowances, Liquor and Gaming Authority is obligated to pay any deficiency to the Plan.

Cash Flow Forecast

The total cash inflow is the amount of employee and employer contributions expected to be received by the pension plan together with interest on investments of 6.0%. The total cash outflows are the amounts that are required to pay all pension obligations. Forecast of cash flows have been determined using the long-term assumptions used in the valuation. All amounts are based on actual dollar forecasts.

	(thousands of $)			
	Contributions	Benefits Paid	Investment Return	Net Cash Outflow
2010	$3,463	$4,175	$554	$158
2011	3,591	4,357	542	224
2012	3,660	4,461	528	273
2013	3,658	4,475	511	306
2014	3,555	4,348	494	299
Total next 5 years	17,927	21,816	2,629	1,260
Total 5-10 years	16,284	19,917	2,215	1,418
Total 11-30 years	44,883	54,897	5,122	4,892
Total 31-50 years	12,398	15,164	776	1,990

5. Due from General Revenue Fund

The Liquor Board Superannuation Plan bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan.

The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Plan's bank account using the Government's thirty-day borrowing rate, and the Plan's average daily bank account balance. The Government's average thirty-day borrowing rate in 2009 was 0.47% (2008 – 2.57%).

6. Financial Risk Management

The nature of the Plan's operations result in a statement of net assets available for benefits, accrued

pension benefits and unfunded liability that consists primarily of financial instruments. The risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk) and liquidity risk.

Significant financial risks are related to the Plan's investments. These financial risks are managed by having an investment policy, which is approved annually by the Commission. The investment policy provides guidelines to the Plan's investments managers for the asset mix of the portfolio regarding quality and quantity of fixed income and equity investments. The asset mix helps to reduce the impact of market value fluctuations by requiring investments in different asset classes and in domestic and foreign markets. The Commission reviews regular compliance reports from its investment manager as to their compliance with the investment policy. The Commission also reviews regular compliance reports from the pooled fund custodian as to the investment manager's compliance with the investment policy.

Credit risk

The Plan's credit risk arises primarily from two distinct sources: accounts receivable and certain investments. The maximum credit risk to which it is exposed at December 31, 2009 is limited to the carrying value of the financial assets summarized as follows:

	(thousands of $'s)	
	2009	**2008**
Due from the General Revenue Fund	$ 163	$ 28
Accounts receivable	5	4
Fixed income investments[1]	4,508	5,144

[1] Includes the fixed income and money market pooled funds.

Accounts receivable are primarily made up of employee and employer contributions receivable.

Employee and employer contributions receivable are generally received within 15 days.

Credit risk within investments is primarily related to the Money Market Pooled Fund and the Fixed Income Pooled Fund. It is managed through the investment policy that limits fixed term investments to those of high credit quality (minimum rating for bonds, BBB, and for short-term investments is R-1) along with limits to the maximum notional amount of exposure with respect to any one issuer.

Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

Interest rate risk

The Plan is exposed to changes in interest rates in its fixed income investments. Duration is a measure used to estimate the extent market values of fixed income instruments change with changes in interest rates. Using this measure, it is estimated that a 100 basis point change in interest rates would change in net assets available for benefits and unfunded liability by $0.3 million at December 31, 2009, representing 7.1% of the $4.2 million fair value of fixed income investments.

Foreign exchange

The Plan is exposed to changes in the U.S. dollar exchange through its U.S. equity pooled fund. Also, the Plan is exposed to EAFE (Europe, Australasia and Far East) currencies through its investment in EAFE equity pooled fund. Exposure to both U.S. equities and non-North American equities is limited to a maximum 20% each of the market value of the total investment portfolio. At December 31, 2009, the Plan's exposure to U.S. equities was 14.3% (2008 – 16.8%) and its exposure to non-north American equities was 13.4% (2008 – 13.3%).

At December 31, 2009, a 10% change in the Canadian dollar versus U.S. dollar exchange rate would result in approximately a $0.1 million change in net assets available for benefits and unfunded liability. A 10% change in the Canadian dollar versus the EAFE currencies would result in approximately a $0.1 million change in net assets available for benefits and unfunded liability.

Equity prices

The Plan is exposed to changes in equity prices in Canadian, U.S. and EAFE markets through its pooled funds. Equity pooled funds comprise 52.1% (2008 – 50.7%) of the carrying value of the Plan's total investments.

The following table indicates the approximate change that could be anticipated to both the decrease in net assets available for benefits and unfunded liability based on changes in the Plan's benchmark indices at December 31, 2009:

	(Change in thousands of $)	
	10% increase	10% decrease
S&P/TSX Composite Index	$ 230	$ (230)
S&P 500 Index	135	(135)
MSCI EAFE Index	126	(126)

Liquidity risk

Liquidity risk is the risk that the Plan's unable to meet its financial obligations as they fall due. Cash resources are managed on a daily basis based on anticipated cash flows. Accounts payable and accrued liabilities will be paid within the next fiscal period.

7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Plan by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan collectively referred to as "related parties". The administration expenses of the Plan are paid to the Public Employees Benefits Agency (PEBA) Revolving Fund.

Other transactions with related parties and amounts due to or from them are disclosed separately in these financial statements and notes.

Related party transactions with the Plan are in the normal course of operation and are recorded at exchange amounts agreed to by the parties to the transactions.

8. Investment Performance

The investment manager makes day-to-day decisions on whether to buy or sell investments in order to achieve the long-term performance objectives set by the Commission. The Commission reviews the investment performance of the plan in terms of the performance of the benchmark portfolio over 4 year rolling periods. The primary long term investment performance objective for the entire portfolio is to outperform a benchmark portfolio.

The following is a summary of the Plan's investment performance:

	Annual Return		Rolling Four-Year Average Annual Return	
	2009	2008	2009	2008
Plan's actual rate of return (a)	13.0%	(14.5%)	2.8%	2.7%
Plan's Target rate of return (b)	12.8%	(12.4%)	2.9%	2.3%

(a) The annual return is before deducting investment expenses.

(b) The Plan's target rate of return for its investment portfolio (return on the benchmark portfolio) has been determined using the actual returns of the market indexes such as the Toronto Stock Exchange 300 Capped Composite 10% Index, Morgan Stanley Capital International Europe Australia Far East Index and the DEX Universe Bond Index.

9. Administration Expenses

	(thousands of $'s)		
	2009		2008
	Budget	Actual	Actual
Administration - PEBA Revolving Fund	$74	$58	$74
Investment management fees – Greystone*	25	22	26
	$99	$80	$100

*Investment management fees are based on the market value of the portfolio.

10. Fair Value of Financial Assets and Financial Liabilities

The pension liability is long-term in nature and there is no market for settling these pension obligations. Therefore, determination of the fair value of the pension liability is not practical (Note 4).

The following method and assumptions were used to estimate the fair value of each class of financial assets and financial liabilities:

Fair values of investments are considered to be market values (Note 2).

For the following financial instruments the carrying amounts approximate fair value due to the immediate or short-term nature of these financial assets and financial liabilities.

a) employees' and employer's contributions receivable
b) other receivables
c) due from General Revenue Fund
d) accounts payable and accrued liabilities

LIQUOR BOARD SUPERANNUATION PLAN
SCHEDULE OF INVESTMENTS (Unaudited)

EXHIBIT 1

YEAR ENDED DECEMBER 31, 2009

Security		Market Value
Pooled Funds		
Greystone Managed Investments Canadian Equity Fund	$	2,300,621
Greystone Managed Investments Fixed Income Fund		4,232,109
Greystone Managed Investments Money Market Fund		276,279
Greystone Managed Investments US Equity Fund		1,349,822
Greystone Managed Investments EAFE Plus Fund		1,263,062
Total Long Term Investments	$	9,421,893

LIQUOR BOARD SUPERANNUATION PLAN
SCHEDULE OF INVESTMENT TRANSACTIONS (Unaudited)

EXHIBIT 2

YEAR ENDED DECEMBER 31, 2009

Pooled Funds	Units	Purchases	Disposals	Net
Greystone Canadian Equity Fund	(17,756)	$ 155,946	$ 518,550	$ (362,604)
Greystone Fixed Income Fund	(32,485)	635,195	985,150	(349,955)
Greystone Money Market Fund	(42,779)	68,323	496,111	(427,788)
Greystone United States Equity Fund	(45,175)	77,364	495,763	(418,399)
Greystone EAFE Plus Fund	(47,491)	37,564	371,400	(333,836)
Total Pooled Funds		$ 974,392	$ 2,866,974	$ (1,892,582)

Summary of Investment Transactions	
Decrease in Pooled Funds	$ (1,892,582)
Total Investment Transactions	(1,892,582)
Investments, beginning of year	10,439,211
Market Value Adjustment	875,264
Investments, end of year (market value)	$ 9,421,893